

FTR

MetLife

MetLife Opposes Senate Bill 172

MetLife opposes Senate Bill 172 – An Act concerning disclosures for certain life insurance policy owners. The NCOIL Life Insurance Consumer Disclosure Model (which this bill is modeled) was passed over strenuous objections by the life insurance industry and has not been passed in any other state. In Connecticut, this debate was fought when this legislature passed a comprehensive life settlement law in 2008.

The new sections, put forth in Senate Bill 172, would promote results that are often not in the best interest of consumers and will result in unreasonable administrative burdens, liability, and costs to insurers.

In support of the above positions, MetLife asks that you please vote against these provisions and consider the following:

Consumer Concerns

Greater consumer confusion. General or brief statements, such as "You may be able to transfer your policy to a life settlement company as an alternative to this transaction," will likely raise policyowner questions, and not provide truly useful information. Insurers should not be the marketers for settlement companies. Mandating a written notice of alternatives often would be impractical to implement and would not serve the interests of policyholders as notices would be triggered too often, and for each event, as well as in situations where a consumer has no desire to seek alternatives.

New Burdens Imposed

Added complexity and Unfunded Mandate. Complying with the proposed provisions sought by the life settlements industry will significantly add to administrative complexity and costs. The provisions leave many important questions unanswered.

New legal liability. To the extent that such a mandatory notice of a life settlement alternative and disclosures would direct policyholders to life settlement companies or brokers, there are potential legal liabilities that insurers could incur. No other state imposes marketing disclosures from one business to another.

In summary, these provisions should be opposed. Consumers should discuss with their financial advisor, insurance agent or broker their particular needs and circumstances. Requiring otherwise would be counter-productive to that relationship. Thank you for your consideration on this matter.